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*this is the main draft (final, for file)*

NSC BRIEFING

9 May 1957

# SOVIET ECONOMIC REORGANIZATION

- I. At (7 May) Supreme Soviet Khrushchev proposed his already announced reorganization industrial administration.
  - A. Most of 36 economic ministries now in Moscow to be abolished.
  - B. Centralized control by Moscow to be continued by beefing up State Planning Commission.
  - C. Moreover, key ministries running military production, atomic energy, electric power, and transport facilities to be retained in Moscow.
  - D. Other ministries, responsible for coal, oil, timber and metals, may also be retained but moved to the Union Republic where their particular industrial activities are centered.
  - E. Functions of ministries not retained to be transferred to 92 "economic councils" set up on regional basis.
- II. Reorganization to be carried out in two months to prevent sag in efficiency (but such speed will be disruptive.)
- III. Khrushchev said reorganization not related to economic difficulties but avoided mention of 1956 shortfalls or relatively modest 1957 plan.
  - A. We see difficulties: failure to meet new construction goals; shortage of materials and labor.
  - B. 1960 goals hard to achieve.

DOCUMENT NO. 12  
NO CHANGE IN CLASS. 11  
DECLASSIFIED  
CLASS. CHANGED TO: TS S C  
NEXT REVIEW DATE:  
AUTH: 1-1680  
DATE: 1-1680 REVIEWER: 072044